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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/972,480	10/05/2001	Bernard J. Albanese	8085-007	5199

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JONES DAY  
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NEW YORK, NY 10017

EXAMINER

SUBRAMANIAN, NARAYANSWAMY

ART UNIT PAPER NUMBER

3624

DATE MAILED: 07/12/2004

Please find below and/or attached an Office communication concerning this application or proceeding.

## Office Action Summary

Application No.

09/972,480

Applicant(s)

ALBANESE ET AL.

Examiner

Narayanswamy Subramanian

Art Unit

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-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --  
Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

### Status

- 1) ☒ Responsive to communication(s) filed on 01 April 2004.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

### Disposition of Claims

- 4) ☒ Claim(s) 1 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

### Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

### Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some \* c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
  2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
  3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

### Attachment(s)

- 1) ☒ Notice of References Cited (PTO-892)
- 2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
- 3) ☐ Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08)  
Paper No(s)/Mail Date \_\_\_\_\_
- 4) ☐ Interview Summary (PTO-413)  
Paper No(s)/Mail Date \_\_\_\_\_
- 5) ☐ Notice of Informal Patent Application (PTO-152)
- 6) ☐ Other: \_\_\_\_\_

### DETAILED ACTION

1. This is in response to Applicant's communication dated April 1, 2004. Amendments to claim 1 have been entered. The finality of the rejections and the rejection of claim 1 under 35 USC 101 made in the last office action has been withdrawn by the Examiner in view of the amendments. Claim 1 is currently pending and has been examined. The rejections are stated below.

#### *Claim Rejections - 35 USC § 103*

2. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

3. Claim 1 is rejected under 35 U.S.C. 103(a) as being unpatentable over Weiss et al (US Patent 5,987,435) in view of Reference U.

Claim 1, Weiss discloses a computer-implemented method of trading investment instruments relating to an underlying security comprising using a computer to perform the following steps of: (a) creating an Up instrument by aggregating underlying securities (See Weiss Column 11 lines 44-45 and 50-55); (b) creating a Down instrument by aggregating other underlying securities (See Weiss Column 11 lines 44-45 and 50-55); (c) calculating an opening sale price for the Up and Down instruments (See Weiss Column 3 lines 40-42 and claim 2); (d) opening the Up and Down instruments to trading at their opening sale prices (See Weiss Column 8 lines 50-61); (e) monitoring the sales of the Up and Down instruments, including monitoring at

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least the imbalance in the trading volume of Up and Down instruments (See Weiss Claim 8, the process of receiving, storing and processing customer orders is interpreted to include monitoring); (f) adjusting the sale price of the Up and Down instruments based at least in part on information collected in the monitoring step (See Weiss Column 16 lines 4-7, Column 20 lines 10-16 and claim 13); and (g) recalculating the sale price of the Up and Down instruments based at least in part on movement of the price of the underlying security (See Weiss Column 4 lines 21-26, recalculation is implied by the correspondence between price of the instruments and the market price of the underlying portfolio).

Weiss fails to teach the step wherein the underlying securities for Up instrument include the purchase of a round lot of call options for the underlying security at a specified strike price and specified expiration date/time, and the sale of a round lot of put options for the same underlying security at the same strike price and same expiration date/time; and the underlying securities for down instrument include the purchase of a round lot of put options for the underlying security at a specified strike price and specified expiration date/time, and the sale of a round lot of call options for the same underlying security at the same strike price and same expiration date/time.

Reference U teaches the option strategies of Collars and Fences (See Reference U page 4), wherein a Collar includes purchase of a round lot of call options for the underlying security at a specified strike price and specified expiration date/time, and the sale of a round lot of put options for the same underlying security at the same strike price and same expiration date/time and a Fence includes purchase of a round lot of put options for the underlying security at a specified strike price and specified expiration date/time, and the sale of a round lot of call

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options for the same underlying security at the same strike price and same expiration date/time.

Collars and Fences, as option strategies are also old and well known in the art. Collars are normally used as a protective strategy for long positions in stock and fences are normally used as a protective strategy for short positions in stock.

It would have been obvious to one with ordinary skill in the art at the time the invention was made to include the steps taught by Reference U to the disclosure of Weiss. The combination of the teaching taken as a whole suggests that the investors would have benefited from being able to protect their long or short positions in their stock holdings using the Up and down instruments.

### ***Conclusion***

6. Any inquiry concerning this communication or earlier communications from the examiner should be directed to Dr. Narayanswamy Subramanian whose telephone number is (703) 305-4878. The examiner can normally be reached Monday-Thursday from 8:30 AM to 7:00 PM.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Vincent Millin can be reached at (703) 308-1065. The fax number for Formal or Official faxes and Draft or Informal faxes to Technology Center 3600 or this Art Unit is (703) 305-7687.

Any inquiry of a general nature or relating to the status of this application should be directed to the Group receptionist whose telephone number is (703) 308-1113.

N. Subramanian  
June 30, 2004

  
**VINCENT MILLIN**  
**SUPERVISORY PATENT EXAMINER**  
**TECHNOLOGY CENTER 3600**